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C O N F I D E N T I A L SECTION 01 OF 03 THE HAGUE 001670

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TAGS: [PREL](#) [PGOV](#) [EU](#) [NL](#)

SUBJECT: DUTCH EU PRESIDENCY: THE VIEW FROM THE HAGUE

REF: A. BRUSSELS 2669

[B](#). THE HAGUE 1273

[C](#). THE HAGUE 1660

Classified By: AMBASSADOR CLIFFORD SOBEL, REASONS: 1.5(B) AND (D).

[1](#). (C) Summary: Balancing Dutch, European, and transatlantic interests will be a challenge for the Dutch presidency, made more complicated by the demands of a 25 member EU, a new parliament and Commission, and the new constitutional treaty.

A "successful" presidency is seen by PM Balkenende as key to maintaining international influence and domestic support for his government. In practical terms, this means that the Dutch will err on the side of realism and "getting it right" rather than pursuing an ambitious agenda or trying to push minority positions (even those the Dutch might otherwise support) through the EU. The decision on Turkey, of course, looms large, particularly given its potential impact on referenda on the Constitutional Treaty (including in the Netherlands). The China Arms Embargo question here is less about human rights and Asian security than avoiding a trainwreck at the EU-China summit. In transportation security and counterterrorism, the Dutch have a good record of accomplishments to build on in the JHA. The Dutch economic agenda is practical and focused on realizing actual progress rather than setting unrealistic goals. While we may find the Dutch less willing to support openly specific U.S. objectives in several areas, overall the presidency will be a net plus for the U.S., not least because of the Dutch commitment to transparency and keeping transatlantic channels of communication open. The Dutch also can and will provide tactical advice on how to handle certain sensitive issues. End Summary.

[2](#). (C) The theme of the 2004 Dutch EU presidency is "realism and ambition," with ambition clearly the lesser of the two. As noted ref A, the uncertainties of dealing with a new Commission and new European Parliament, combined with the natural restrictions of the "short" summer-fall presidency, will inhibit the Dutch from proposing or implementing major new initiatives. This will also be the first full presidency of a 25 member EU and the first held under the shadow of the finalized constitutional treaty. While the Irish did the Dutch a great favor by concluding the treaty and successfully negotiating a new Commission president, much of the Dutch presidency will necessarily be focused on settling in, adjusting to new personalities and procedures, and avoiding any major dustups.

COMPETENCE ABOVE ALL

[3](#). (C) The Dutch derive much of their international credibility and influence from their well-earned reputation for competence, fairness, and responsibility. A dramatic failure -- such as the cancellation of a major summit or mismanagement of the Turkish accession decision -- would seriously damage this reputation, and could also have serious domestic consequences for the Balkenende government. A senior MFA official recently told us that Balkenende believes holding a "successful" EU presidency is one of the keys to keeping his coalition cabinet together for a full four years; he has recently begun holding "retreats" with the entire cabinet to discuss EU issues. The appointment of the non-politician Ben Bot -- a former diplomat with impeccable EU credentials -- is seen as another reflection of Balkenende's determination to preside over a flawless presidency.

[4](#). (C) The Dutch will do their best to complete unfinished business from previous presidencies (even if it means doing work usually performed by the commission) and to fulfill summit obligations (including developing proposals to enhance EU-U.S. cooperation in the Broader Middle East). They have prepared endlessly to deal with all the issues on the agenda, and, drawing a lesson from the Madrid bombings, have even prepared contingency plans to coordinate EU actions in the first hours of a unforeseen emergencies.

GOOD EUROPEANS

[5](#). (C) The Dutch must not only be competent, however; they

must also be good Europeans. As EU president, the Dutch are prepared to sacrifice parochial concerns in some areas in order to create or preserve a consensus within the EU. For example, last December the Dutch parliament voted unanimously to oppose lifting the arms embargo on China, but made no fuss when told by Bot that the GONL would follow a common EU position. Ultimately it is other EU members, not the Dutch public, that will determine the success or failure of the Dutch presidency. Within the EU, the Council meetings and summits provide the most public fora for Balkenende to demonstrate his international credentials; for that reason, the Dutch will be very cautious about leaving unresolved or contentious items on the agendas of such events.

15. (C) On the other hand, just how European the average Dutch citizen feels remains an open question -- but not for long. The Netherlands will hold an early referendum on the constitutional treaty, perhaps by December. Several fringe parties on the left and right will campaign against the treaty, and the commitment of even some members of Balkenende's coalition to the treaty is in doubt. The conservative Liberal Party (VVD) in particular has a Euroskeptic tradition and may refrain from active campaigning in favor of the treaty, even if VVD members Defense Minister Kamp and Deputy Prime Minister Zalm support the government's line. There has never been a national referendum in the Netherlands, and it is safe to say that Balkenende will be watching carefully to see how EU decisions on sensitive issues -- especially Turkey -- play into the debate. The dramatic success of assassinated populist leader Pim Fortuyn in 2002 shows that the Dutch electorate is still capable of surprises.

SOLID TRANSATLANTICISTS -----

16. (C) The Dutch have always maintained that NATO and the EU can cooperate effectively, and now have a good chance to prove it. The coincidence of an EU presidency and a Dutch SYG of NATO mean the Dutch have the will and many of the tools necessary to ensure that the SFOR to EUFOR transition goes smoothly -- one of the highest priorities for their presidency. The fact that the Council's policy leader for ESDP issues is also Dutch only improves the chances of improved NATO-EU coordination on defense and security issues during the Dutch presidency. The Dutch are also enthusiastic about bringing together AG Ashcroft and DHS Sec. Ridge with the EU Member States Justice and Interior Ministers at the informal JHA Council in late September to highlight transatlantic cooperation in fighting terrorism.

17. (C) On the other hand, the Dutch, as a small nation, are prickly about their independence and do not want to appear subservient to any other nation's agenda. In the transatlantic context, this means they will continue to frame their actions -- such as their recent decision to extend their troop presence in Iraq -- in neutral terms that downplay linkage to perceived U.S. interests. The stated Dutch priorities for their presidency give short shrift to the transatlantic agenda as such, but the Dutch have made clear that transatlantic concerns will factor into their handling of all external agenda items.

NORMS AND VALUES -----

18. (C) Balkenende has said he wants to use the presidency to advance a discussion of "norms and values" -- a personal hobbyhorse for which he is often ridiculed in the Dutch press. By sponsoring a series of conferences on the subject in Europe and the United States, Balkenende reportedly hopes to initiate a dialogue on the shared cultural/social/political/legal values that can help define modern civilized society. Broadening this discussion beyond the Netherlands would increase its currency (and Balkenende's credibility) domestically while linking it to a larger, arguably "transatlantic" set of issues. In practical terms, this probably means little more than a paragraph or two in the final documents of the presidency, but for Balkenende this would be a significant achievement.

ECONOMIC AGENDA -----

19. (C) On the economic side, the top Dutch priority will be trying to jump-start the stalled Lisbon agenda of revitalizing the European economy and improving Europe's competitiveness. (The Dutch economy has been a laggard even by eurozone standards, contracting by 0.8 percent in 2003 and forecast to grow by perhaps one percent in 2004.) That effort begins with the first major event of the presidency calendar, the July 1-3 informal competitiveness council in Maastricht, which will bring together economy and education ministers for a review and discussion of the EU's lagging growth in productivity vis-a-vis the U.S. Yet, as our Economy Ministry contacts have repeatedly pointed out, one

area in which the EU has not fallen behind has been in the analysis of its productivity problems. The deficiency has been rather in the design and implementation of the policies (increased labor market flexibility, more competitive product and service markets, eased entry and exit rules for firms, etc.) needed to achieve the stated goal. The Dutch say that, although the formal mid-term review Lisbon will not occur until the spring of 2005, under the Luxembourg presidency, they feel compelled to put forward specific proposals for moving ahead on Lisbon at the November competitiveness council in Brussels, based in part on the Wim Kok report commissioned at the European summit in March. Expectations, at least internally, appear to be low, however, at least judged by remarks made last week by Economy Minister Brinkhorst, who, speaking at a Ministry-sponsored conference on innovation called the competitiveness council a "dead horse" lying in the path of progress (although some here have argued that Brinkhorst himself may be as much to blame for the lack of progress as the council).

10 (C) Other important Dutch objectives for the presidency include beginning discussions on the EU's budget for 2007-2013, with a view towards reducing the Netherlands, net contribution of 0.65 percent of GDP, among the highest in the Union. The Dutch also want to raise the profile and improve the effectiveness of the fight against terrorist finance, an issue they have placed on the agenda of the July 5 Ecofin council meeting. In addition, the Dutch finance ministry plans to make a major effort to reduce administrative burdens and improve regulatory processes, complete the Financial Services Action Plan, and lay the groundwork for an EU-wide corporate governance code.

COMMENT: WHAT DOES IT ALL MEAN?

11. (C) The Dutch EU presidency will be a net gain for the United States. We should expect them to be honest partners, and to keep transatlantic communication channels open. While their desire to build consensus will make it difficult to take tough positions (particularly on politically sensitive issues such as the China Arms Embargo or Turkey), the Dutch should be upfront in highlighting areas where we may disagree (ref b) early enough to give us an opportunity to influence the process. The Dutch will also seek to advise us on how to handle sensitive issues within the EU context, including with regard to tone and timing, and may even provide guidance on dealing with other, less cooperative members.

12. (C) In areas where they feel their organizational ability and determination can make a real difference -- such as facilitating the SFOR-EUFOR transition, implementing the counterterrorism agenda, or developing proposals to move forward in the Middle East -- the Dutch agenda will be positive but not overly ambitious. The Dutch made counterterrorism a top priority for their presidency, but will "manage" the JHA process and continue existing programs with few initiatives. They are actively promoting the need to address terrorist financing broadly, across pillars, rather than seeing it only in terms of Finance Ministry responsibility. On the Middle East, the Dutch continue to talk about developing concrete projects, but so far have only one real proposal on the table -- holding Euro-Med discussions (including Israel) in Cairo during the presidency (this would be the first time the group met outside of Europe, but the Egyptians reportedly have not yet agreed to the venue). While we might have hoped for a more ambitious Dutch agenda, their focus on "getting it right" is understandable given the circumstances they inherited, and hopefully will make it easier to achieve substantive progress in key areas in the future.

SOBEL